Guinness World Records Limited

Directors' report and financial statements

Registered number 541295

17 month period ended 31 December 2008

Contents

Directors' report

The directors present their directors' report and financial statements for the 17 month period ended 31 December 2008. The accounting period was changed from 31 July to 31 December during the period to align the Company with the new ultimate parent company.

Principal activities

The Company is engaged in the publication and licensing of intellectual property. These activities relate primarily to the publishing, merchandising and television licensing of the main brand, the "Guinness World Records" book.

Business review

The profit for the 17 month period ended 31 December 2008 was £9.1 million; (year ended 2007: £3.9 million). Turnover for the 17 month period was £33.7 million; (year ended 2007: £14.7 million) giving an operating margin/profit of 31.4%/£10.6 million; (year ended 2007: 26.5%/£3.9 million)

On 14 February 2008 100% of the Company's share capital was acquired by the Jim Pattison Group. The ultimate parent company's details are discussed in note 20.

Dividends

On 14 February 2008 the Company paid a total dividend of £25.7 million to Gullane Entertainment Limited. No dividends were paid in the prior year.

On 15 April 2009 the Company paid a dividend of £5 million to GWRUK Acquisition Corp Limited.

Business environment

The Company owns a brand that has a strong history of over 50 years, and is the global leader in world records. No other company collects, confirms, accredits and presents world record data with the same investment in comprehensiveness and authenticity. While the Company's record-keeping and name brand is one of a kind, the annual book, which generates the majority of the Company's revenues, faces competition in the US and Canada from "Ripley's Believe It or Not", which targets the same general audience.

The Company also generates revenues from licensing the Guinness World Records (GWR) brand, certifying world records, and producing and selling television programming based on the world records. The television environment is generally competitive, but, as stated above, the Company benefits from being unique in its product offering.

Principal risks and uncertainties

Although the GWR brand has a strong, stable history, the Company's future success depends on the brand remaining the leader in its field. The main current risk is the economic environment which has led to several retailers and product distributors going into administration, thus reducing the number of retail outlets available to distribute the GWR book.

Strategy

The Company has launched a new book "Gamers Edition" and looks to find more ways to support the brand through the creation of new licenses and Television relationships, whilst maintaining the success of the main book through continuous improvement in its design and contents.

Future Outlook

Despite the principal risks outlined above, the directors see no reason why the current success of the business should not be continued through their marketing and promotional strategies, through the new business created in brand licensing and television, and through the success of records management which has grown rapidly in the past seventeen months.

Directors' report *(continued)*

Directors

The directors who held office during the year were as follows:

A. Richards (appointed 3 June 2008)
R. Bergen (appointed 3 June 2008)
D. Joyce (appointed 14 February 2008)

J.D Weight and B Steinberg resigned as directors on 14 February 2008 following the sale of the Company by its holding company Sunshine Holdings Limited to the Jim Pattison Group.

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period (2007: nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

During the period the Company appointed KPMG LLP as auditors. Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board

Alistair Richards
Director

17 Hanover Square,
London W1S 1HU
10 JULY 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Guinness World Records Limited

We have audited the financial statements of Guinness World Records Limited for the 17 month period ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Cashflow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Guinness World Records Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the 17 month period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

22 July 2009

Profit and Loss Account

for the 17 month period ended 31 December 2008

	Note	17 month period ended 31 Dec 2008	Year ended 31 July 2007
		£000	£000
Turnover	2		
Continuing operations		33,676	14,713
Cost of sales		(13,247)	(6,277)
Gross profit	3	20,429	8,436
Selling, marketing and distribution costs		(2,488)	(1,006)
Administrative expenses		(7,370)	(3,525)
Operating profit			
Continuing operations		10,571	3,905
Interest receivable and similar income	6	20	215
Interest payable and similar charges	7	(245)	-
Profit on ordinary activities before taxation	2-7	10,346	4,120
Tax on profit on ordinary activities	8	(1,291)	(178)
Profit for the financial period		9,055	3,942

There are no recognised gains or losses other than the profit for the period and therefore no separate statement of total recognised gains or losses has been presented.

There is no difference between profit on ordinary activities and the retained profit for the period stated above and their historical cost equivalents.

All amounts relate to continuing operations.

Notes to the financial statements are reported on pages 9 - 18

Balance Sheet
As at 31 December 2008

	Note	31 December 2008		31 July 2007	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		334		367
Current assets					
Stocks	10	516		1,865	
Debtors	11	11,407		31,769	
Cash at bank and in hand		4,570		430	
		16,493		34,064	
Creditors: amounts falling due within one year	13	(8,397)		(10,945)	
Net current assets			8,096		23,119
Total assets less current liabilities			8,430		23,486
Provisions for liabilities	14		(1,832)		(253)
Net assets			6,598		23,233
Capital and reserves					
Called up share capital	15		-		-
Profit and loss account	16		6,598		23,233
Shareholders' funds			6,598		23,233

These financial statements were approved by the board of directors on 10/07/09 and were signed on its behalf by:

Alistair Richards
Director

Cashflow Statement

for the 17 month period ended 31 December 2008

	Note	17 month period ended 31 December 2008 £000	Year ended 31 July 2007 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		**10,571**	3,905
Depreciation charges	*9*	**142**	88
Profit on sale of fixed assets		**-**	34
(Increase)/decrease in stocks	*10*	**1,349**	169
(Increase)/decrease in debtors	*11*	**20,362**	(6,157)
Increase/(decrease) in creditors	*13/14*	**(2,222)**	2,401
Net cash inflow from operating activities		**30,202**	440

Cash flow statement

	Note	17 month period ended 31 December 2008 £000	Year ended 31 July 2007 £000
Cash flow from operating activities		**30,202**	440
Returns on investments and servicing of finance	*6/7*	**(225)**	215
Taxation	*8*	**(38)**	(178)
Capital expenditure	*9*	**(109)**	(267)
Dividends paid on shares classified in shareholders' funds	*16*	**(25,690)**	-
Increase/(decrease) in cash in the period	*18*	**4,140**	210

Notes

(forming part of the financial statements)

1 Principal accounting policies

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards.

The financial statements are prepared on a going concern basis.

A summary of the significant accounting policies which have been applied is set out below.

Significant estimates and assumptions

The preparation of the financial statements in conforming with the generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses based during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Revenue from the sale of publications is recognised as goods are shipped to customers. Royalties from licences granting publication and other rights and net fees from exhibition are recognised on a receivable basis.

Provision for returns

The provision for returns represents management's estimates for future returns of publications and merchandise sold and is based on historical return rates and current market conditions.

Stocks

Stocks are stated at the lower of cost and net realisable value and valued on a first-in, first-out basis. Cost includes raw materials, direct labour and directly attributable expenses. Expenditure on books not yet published is included in work-in-progress and reclassified as cost of finished goods on publication.

Tangible Fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight-line basis. The current period over which the assets are depreciated is 36 months in respect of computer equipment and between 36 months and 120 months for fixtures and fittings. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes *(continued)*

1 Principal accounting policies

Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Cash and liquid resources.

Cash, for the purpose of the cash flow statement, comprises cash in hand less overdrafts payable on demand.

Notes *(continued)*

2 Segmental Analysis

	17 months to 31 Dec 2008 Turnover £000	Year ended 31 July 2007 Turnover £000
By geographical market:		
United Kingdom	**15,338**	5,236
United States	**5,088**	2,703
Rest of Europe	**9,217**	3,659
Rest of World	**4,033**	3,115
	33,676	14,713
By class of business:		
Publishing	**30,408**	12,940
Television	**1,014**	561
Records Management	**1,219**	551
Licensing	**1,035**	661
	33,676	14,713

The Prior year turnover has been reclassified from publishing into the relevant class of business for comparative purposes.

3 Notes to the profit and loss account

	17 months to 31 Dec 2008 £000	Year ended 31 July 2007 £000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and other amounts written off owned tangible fixed assets:	**142**	88
Impairment and write-off of intercompany balances	**1,210**	-
Restructuring costs	**-**	337
Operating lease rentals	**302**	177

Auditors' remuneration:

	£000	£000
Audit of these financial statements	**45**	-
Other services relating to taxation	**3**	-

In prior years auditors' remuneration was borne by a former group company, HiT Entertainment Limited. Restructuring costs in prior year related to redundancy costs (£130,000) and office relocation costs (£207,000).

Notes *(continued)*

4 Remuneration of directors

	17 months to 31 Dec 2008 £000	Year ended 31 July 2007 £000
Directors' emoluments	**481**	-
Company contributions to money purchase pension schemes	**21**	-

The amounts disclosed represent the remuneration of the highest paid director. Two of the directors did not receive any remuneration in respect of their services to the company in the current period and none of the directors received any remuneration in respect of their services to the company in prior year. There are no retirement benefits accruing to any director and none of the directors have any shares or options in the Company.

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	17 months to 31 Dec 2008	Year ended 31 July 2007
Publishing	**36**	32

The aggregate payroll costs of these persons were as follows:

	17 months to 31 Dec 2008 £000	Year ended 31 July 2007 £000
Wages and salaries	**2,517**	1,566
Social security costs	**290**	142
Pension costs	**47**	45
	2,854	1,753

The Company operates a defined contribution scheme. The amounts charged above represent the contributions paid to the scheme in respect of the accounting period.

Notes *(continued)*

6 Interest receivable and similar income

	17 months to 31 Dec 2008 £000	Year ended 31 July 2007 £000
Receivable from group undertakings	-	212
Bank interest received	20	3
	20	215

7 Interest payable and similar expenses

	17 months to 31 Dec 2008 £000	Year ended 31 July 2007 £000
Bank interest paid	(6)	-
Bank fees & other charges	(200)	-
Net loss/(gain) on foreign exchange	(39)	-
	(245)	-

8 Taxation

Analysis of charge in period

	17 months to 31 Dec 2008 £000	Year ended 31 July 2007 £000
UK corporation tax		
Current tax on income for the period	1,464	-
Foreign tax		
Current tax on income for the period	38	64
Total current tax	1,502	64
Deferred tax		
Origination/reversal of timing differences	(42)	33
Adjustment in respect of previous years	(169)	81
Total deferred tax	(211)	114
Tax on profit on ordinary activities	1,291	178

The deferred tax credit includes an adjustment of £128,000 in respect of a prior year.

Notes *(continued)*

8 Taxation *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2007: lower)* than the standard rate of corporation tax in the UK effective for the period (28.9%, *2007 :30 %*). The differences are explained below.

	17 months to 31 Dec 2008 £000	Year ended 31 July 2007 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**10,346**	4,120
Current tax at 28.9 % *(2007:30 %)*	**2,990**	1,236
Effects of:		
Expenses not deductible for tax purposes	**10**	(4)
Capital allowances for period in excess of depreciation	**(6)**	(33)
Other permanent differences	**345**	358
Timing of provision recognition	**73**	-
Gains on disposal of fixed assets	**(13)**	-
Losses surrendered by other group companies for nil payment	**(1,848)**	(1,493)
Impact of change in tax rate	**(49)**	-
Total current tax charge (see above)	**1,502**	64

Factors that may affect future current and total tax charges

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current period. There are no other foreseeable factors affecting future tax charges.

9 Tangible fixed assets

	Fixtures, fittings and equipment £000	Total £000
Cost		
At beginning of period	518	518
Additions	109	109
At end of period	627	627
Depreciation		
At beginning of period	151	151
Charge for period	142	142
At end of period	293	293
Net book value		
At 31 December 2008	**334**	**334**
At 31 July 2007	367	367

Notes *(continued)*

10 Stocks

	31 Dec 2008	31 July 2007
	£000	£000
Work in progress	451	1,197
Finished goods and goods for resale	65	668
	516	1,865

11 Debtors

	31 Dec 2008	31 July 2007
	£000	£000
Trade debtors	6,237	1,163
Amounts owed by parent undertakings	1,350	29,860
Amounts owed by fellow undertakings	2,625	-
Other debtors	95	29
Net deferred tax assets (note 12)	250	167
Prepayments and accrued income	850	550
	11,407	31,769

Following the disposal of the Company in February 2008, the intercompany debtors were reassigned by the former holding company, Sunshine Holdings Limited. The current period amount owed by fellow undertakings represents balances owed by Guinness World Records North America Inc and arose during the period. The current period amount owed by parent undertakings represent an amount owed by GWRUK Acquisition Corp Limited and arose during the period.

12 Deferred tax asset

	31 Dec 2008	31 July 2007
	£000	£000
Opening deferred tax assets	167	281
Credit/(charge) to profit and loss account	83	(114)
Closing deferred tax asset	250	167
The analysis of the deferred taxation balance is as follows :		
Accelerated capital allowances	75	78
Short-term timing differences	175	89
	250	167

The tax asset relates to timing differences in relation to capital allowances in excess of depreciation. The company expects to be able to continue to claim capital allowances in excess of depreciation going forward. The short-term timing differences relate to provisions which are expected to reverse in the foreseeable future.

Notes *(continued)*

13 Creditors: amounts falling due within one year

	31 Dec 2008	31 July 2007
	£000	£000
Trade creditors	**1,350**	517
Amounts owed to group undertakings	-	4,168
Other creditors	**663**	41
Tax Creditor	**1,464**	-
Accruals and deferred income	**4,920**	6,219
	8,397	10,945

14 Provisions for liabilities

	Returns provisions	Other provisions	Total
	£000	£000	£000
At 1 August 2007	203	50	253
Utilised during period	(153)	-	(153)
Additional amounts provided	1,162	570	1,732
Amounts released unused	-	-	-
At 31 December 2008	1,212	620	1,832

The returns provision is made in relation to the return of the unsold inventory. Returns are made continuously throughout the period and reassessed at the end for the financial period in respect of the prior year. The anticipated level of returns is based on historic levels and the economic environment. Other provisions relate to potential legal and property liabilities.

15 Called up share capital

	31 Dec 2008	31July 2007
	£	£
Authorised		
Ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	**100**	100

Notes *(continued)*

16 Reserves

	Profit and loss account £000
At 1 August 2007	23,233
Profit for the period	9,055
Dividends paid	(25,690)
At 31 December 2008	**6,598**

On the 14 February a dividend of £25.7 million consisting of a cash dividend of £11.85 million and a dividend in specie of £13.84 million was paid to various group companies.

17 Commitments

(a) Annual commitments under non-cancellable operating leases are as follows:

	2008 Land and Buildings £000	**2008 Other £000**	2007 Land and buildings £000	2007 Other £000
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	**171**	-	-	6
Over five years	-	-	171	-
	171	-	171	6

18 Analysis of funds

	At beginning of period £000	**Cash flow** £000	**At end of period** £000
Cash in hand, at bank	430	4,140	**4,570**
Total	430	4,140	**4,570**

Notes *(continued)*

19 Related Party Transactions

The Company is a wholly owned subsidiary of GWRUK Acquisition Corp Limited.

During the period, the Company received £5,088,000; in sales to fellow undertakings included in turnover.

At 31 December 2008, the Company was owed by fellow undertakings £2,625,000 included in debtors, *(2007: nil)*, (note 11) and by parent undertakings £1,350,000 included in debtors, *(2007: £29,860,000)* (note 11).

20 Immediate and ultimate parent undertakings

The Company is a subsidiary undertaking of GWRUK Acquisition Corp Limited which is the ultimate parent company incorporated in the United Kingdom. The Ultimate Parent Company is Jim Pattison Ltd. incorporated in British Columbia, Canada.

21 Post balance sheet events

On 15 April 2009 the Company paid a dividend of £5 million to GWRUK Acquisition Corp Limited.